Cambridge Assessment International Education

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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **October/November 2021**

INSERT **1 hour 30 minutes**

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INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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Major Airport (MA)

MA is a public limited company. It owns an airport near Main City in country Z. Airline companies use MA's airport to carry passengers going on holiday or travelling for business. Some airlines also carry goods. These airline companies pay a fee to MA for each aeroplane that lands and takes off from the airport. Most flights arrive and leave on time making it a popular airport for passengers to use. The number of passengers using MA's airport has increased each year since it opened.

Retail businesses that have shops and food outlets in the airport pay rent to MA. These businesses sell gifts and food to passengers.

50% of MA's employees work full-time and the other 50% are part-time. Many of the jobs are low skilled and low paid. These jobs include cleaning the airport and cleaning aeroplanes between flights. The cleaners have poor working conditions and are not well-motivated. However, cleaners do have the opportunity for promotion to supervisors.

MA plans to expand the airport so there will be more flights each year. It is considering which source of finance would be best to use. This expansion will allow more shops to be opened as there will be an increase in the number of passengers. This will increase competition for existing retailers. Several entrepreneurs want to open shops at the airport. MA needs to forecast which type of shops will be successful.

Appendix 1

Extract of financial data for MA for 2020

Revenue	**$100m**
Profit	**$20m**
Profit margin	**20%**
Return on capital employed	**5%**
Current ratio	**2**

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Appendix 2

Email from the Operations Manager to the Managing Director at MA

From: MA's Operations Director

To: MA's Managing Director

Subject: Use of new technology in the airport.

- Mobile phone technology will allow managers to have immediate contact with employees so that they can be sent to areas of the airport that are busy.
- Automated security scanning technology will allow quicker check-in of passengers and their luggage and decrease the number of employees needed.
- New air traffic control technology will allow more efficient tracking of aeroplanes landing and taking off from the airport which will allow MA to increase the number of flights.

Appendix 3

Newspaper article in Main News, October 2021

Good news for the economy!

As a result of globalisation several businesses in country Z have expanded by opening new factories in other countries. Many manufacturing businesses in country Z have increased their exports. More tourists now visit country Z as advertising has made more people aware of the history and places of natural beauty they can visit.

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